

Shore Protection Manager

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CARTERET COUNTY BEACH COMMISSION MEETING
JULY 8, 2019; 2:00 pm
EMERALD ISLE TOWN BOARD MEETING ROOM, 7500 EMERALD DRIVE

AGENDA

(1)	Call to Order.	<i>Chairman Cooper</i>
(2)	Approval of Minutes. (Regular Beach Commission Meeting – May 20, 2019)	<i>Chairman Cooper</i>
(3)	Room Occupancy Tax (ROT) and “Beach Fund” Update.	<i>Greg “rudi” Rudolph</i>
(4)	2019-20 Beach Nourishment Planning Discussion II.	<i>Greg “rudi” Rudolph & Moffatt & Nichol</i>
(5)	Public Comment.	
(6)	Other Business.	
(7)	August 2019 Meeting Date. (August 26, 2019 or TBD)	<i>Chairman Cooper</i>
(8)	Adjourn.	<i>Chairman Cooper</i>

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CARTERET COUNTY BEACH COMMISSION

Agenda Topic Cover Sheet

Approval of Minutes

Regular Beach Commission Meeting – May 20, 2019

Meeting Date: 7/8/19

Topic No. 2

Suggested Action: A motion should be entertained to approve the May 20, 2019 meeting minutes with any recommended changes from the Beach Commission.

Attached for the Beach Commission's review, comments, and subsequent approval are the minutes for the Commission's May 20, 2019 regular meeting.

d:\.../beachcommission/agendas/2019/july/topicsummary2



CARTERET COUNTY BEACH COMMISSION MEETING

Minutes
Pine Knoll Shores Town Hall
May 20, 2019, 2 pm

Attendance.

Commission Members A.B. "Trace" Cooper (chair), Ken Jones (vice-chair), Harry Archer, Larry Corsello, Douglas Guthrie, Joel Fortune, Jim Normile, Woody Warren, secretary Greg Rudolph, and the general public. Members Larry Baldwin, Jimmy Farrington, and John Wooten were absent.

- (1) **Call to Order.** - Chairman Cooper welcomed fellow Beach Commission members and the audience, and called the meeting to order.
- (2) **Approval of Minutes – Regular Beach Commission Meeting (February 18, 2019).** – Chairman Cooper asked the Commission if there were any corrections, additions, or comments regarding the February 18th regular session minutes presented in the agenda packet. Member Archer subsequently made a motion to adopt the minutes as presented, which was seconded by Vice-chair Jones and unanimously approved.
- (3) **2019 Beach Commission Officer Elections.** – Chairman Cooper summarized that at the last meeting, he mentioned he would like to step down as Chairman in a year or two, but would like to solicit a Vice-chair who could serve in a dual role including "Chairman in training". To this effect, Commissioner Normile has agreed to serve in this "Vice-chair/Chairman in training" capacity, and Chairman Cooper subsequently requested that if there are no hesitation in doing so, he would entertain a motion to appoint himself (Cooper) and Normile as Chair and Vice-chair, respectively. Several of the Commission members thanked both Cooper and Normile for their service in the past and their willingness to continue serving, which was punctuated by a motion from member Jones to appoint Cooper and Normile as Chair and Vice-chair, respectively. The motion was seconded by member Fortune and unanimously approved.
- (4) **Room Occupancy Tax (ROT) and "Beach Fund" Update.** – Chairman Cooper introduced the topic by noting that based on the numbers provided in the agenda, our peculiar offseason/shoulder season continues in the wake of hurricane *Florence*, which the secretary will explain in more detail. Secretary Rudolph continued (see [Slide 1](#)) that our 1st quarter of the calendar year (2019) or 3rd quarter of the fiscal year (2018-19) included the months of January, February, and March; which were up 53.4%, +4.5%, and +23.8%, respectively compared to the same months in the previous year. Collectively this equates to a +24.6% increase for the quarter (\$561,767 - 2019 vs. \$450,737 - 2018), resulting in an additional +\$55,515 applied to the Beach Fund compared to the same quarter in 2018. With respect to the fiscal year, we are 9 out of 12 months into FY 2018-19 and we're up by +2.99% compared to this same point in time in FY 2017-18. Of course we budget +3%

as an annual growth rate, so we're right on track. Granted while the most recent quarter's results are impressive, the month of July alone can yield \$2 million – 4 times as much than in the 3rd quarter of the fiscal year.

The secretary continued that as we have been discussing for months now, although the total inventory is lower compared to last year; construction workers and displaced families have been filling whatever inventory is available which has obviously bumped our occupancy tax revenue way up in the winter months. On the converse however, there is less inventory available now in the summer that can't accommodate the same amount of visitors we usually experience in June, July, August, etc. Chairman Cooper added that our fiscal year almost splits the summer in half, so it makes forecasting even more difficult. We are still forecasting a +3% growth rate for FY 2018-19, which concludes on June 30, 2019; and then a +1% growth rate for FY 2019-20 (July 1, 2019 to June 30, 2020) to reflect the inventory/occupancy issue we just discussed. And lastly, the secretary reported the nourishment reserve (Beach Fund) value was ~\$21 million at the end of March and before any transactions associated with the Post *Florence* Renourishment Project (Phase I) was executed. This is an important number to remember as we discuss the second phase of the project later in the agenda.

- (5) **2019-20 Beach Nourishment Planning Discussion.** – Secretary Rudolph discussed the outline for a [presentation](#) he and the team of Moffatt & Nichol (Johnny Martin, Sam Morrison, and Nicole Vanderbeke) would be providing today, which is detailed in the agenda packet as well. The overall goal of today is to; (1) review what went right and what improvements can be made with respect to Phase I of the Post-*Florence* Renourishment Project, and perhaps more importantly, (2) constrain what the Phase II nourishment plan should entail understanding the FEMA reimbursement (both the dollar amount and timing) is still in flux. Our goal is to get sand on the beach “somewhere” and complete the project “somehow”. If we want to construct a project next winter, then we need to get the bid out the door here in a couple of months and again we need to reconcile our funding and bid structure today in order to provide the correct guidance to Moffatt & Nichol.

Mr. Martin initiated the presentation by providing a timeline for the Phase I project that was just completed along the shorelines of Indian Beach/Salter Path (unincorporated area) and East Emerald Isle. Dune planting has also begun and should be completed by sometime in July ([slides 2 – 6](#)). Secretary Rudolph continued by summarizing the design of the Phase I project and concluded by detailing the final estimated cost ([slides 7 – 11](#)). Mr. Morrison followed by reviewing the lessons learned and what improvements can be made ([slides 8 – 18](#)).

With respect to lessons learned and other observations, Member Guthrie asked what the protocol was with respect to sand fencing – both in terms of location and installation procedures. The secretary replied that if certain installation guidelines are followed, then the CAMA Local Permit Officer can approve the sand fencing. Now with respect to where, the property owner in theory can place the fence anywhere on the beach really. We have been discouraging property owners from installing sand fencing too close to the water – if at all. Any sand fencing that is installed should be placed on the dune crest and AFTER the mechanical dune planter has passed by. But the reality is different despite our best efforts. Member Fortune asked if property owners can bulldoze sand. Secretary Rudolph responded that the answer is no unless they get a CAMA permit, which is usually only allowed after a storm and many Towns (such as Pine Knoll Shores) have ordinances forbidding bulldozing altogether.

The next segment of the presentation regarded funding, which Secretary Rudolph summarized to the Commission ([slides 19 – 21](#)). In general, the nourishment reserve will be at a level of \$12 million once the Phase I project is completely invoiced and this upcoming summer's occupancy tax receipts are collected. Using the \$12 million as a base, then matched in a 75% Reserve – 25% Town formula; this equates to \$16 million in hand (\$12 million reserve + \$4 million Towns). And lastly we're hoping for \$3 to \$5 million to be awarded by the State via S.L. 2018–138. Collectively this equates to \$19 - \$21 million available for the Phase II. That's not enough to nourish all the areas we would like but from a contracting standpoint, we can structure a "base + option" bid, whereas the base is what we have in hand (financially speaking) and the option is the rest and would only be awarded once FEMA notification is received. To this end, the secretary yielded the presentation back to Mr. Martin who subsequently reviewed the geographic ranges of the base and option reaches ([slides 22 – 27](#)).

The base bid zone would include Pine Knoll Shores and Emerald Isle central – the latter would basically extend the Phase I project westward for a few 1,000 linear feet and includes ~1.2 million cubic yards in total. The option would include "the rest" – Emerald Isle west and the remaining portion of Emerald Isle Central, west Atlantic Beach, and the hole in Salter Path (~1.45 million cubic yards). Member Fortune asked if we have enough sand for these and future projects in our borrow sites. Mr. Martin responded that we do and that was the goal of the Master Plan (i.e., to identify sand resources for the next 50 years). Mr. Morrison continued the presentation from this point detailing three procurement strategies with the goal of course being to increase competition ([slides 28 – 30](#)). We will almost certainly host an "industry day" teleconference with the dredging companies prior to the release of the bid solicitation – again hoping to generate interest and competition. The Beach Commission ultimately voted unanimously to pursue option 2 via a motion by Vice-chair Normile and second by member Jones. Option 2 is to award the base bid this winter (2019 -20) with a completion date of April 30, 2020 with the flexibility to award the option anytime in winter 2019-20 or before winter 2020-21. And lastly Mr. Martin concluded the presentation by outlining the regulatory/environmental loose-ends that will need to be addressed going forward ([slides 31 – 34](#)).

- (6) **Public Comment.** – None.
- (7) **Other Business.** – None.
- (8) **June 2019 Meeting Date (June 24, 2019).** – It was agreed upon the next Beach Commission meeting would be held on June 24th at 2:00 pm, Pine Knoll Shores Town Hall, or at a later date perhaps depending upon the formulation of the Phase II nourishment bid package discussed in agenda topic #5 above.
- (9) **Adjourn.** – Chairman Cooper asked for any additional comments and with no additional comments forthcoming, the meeting was adjourned.



CARTERET COUNTY BEACH COMMISSION

Agenda Topic Cover Sheet

Room Occupancy Tax (ROT) and “Beach Fund” Update.

Meeting Date: 7/8/19

Topic No. 3

Suggested Action: None.

A copy of Carteret County’s monthly Room Occupancy Tax (ROT) collection report for April 2019 is attached to this month’s “Beach Fund” update and these data are consequently incorporated into four summary tables presented at the end of this coversheet including; **Table 1** - a running summary of ROT collections comparing monthly revenues from FY 2018-19 to FY 2017-18, **Table 2** - a summary of ROT revenue from a Calendar Year perspective (CY 2019 - CY 2012), **Table 3** - a more detailed FY 2018-19 to FY 2017-18 revenue comparison of the collection by sectors (hotel/motel, condo/cottage, and “other”), and **Table 4** - a year-to-date estimate of the Beach Fund.

After a robust start to the calendar year, the April 2019 collection was down by -13.7% compared to the April 2018 collection (\$367,884 vs. \$426,106) representing a -\$58,222 overall decrease or a -\$29,111 (50% of total) decrease to the nourishment reserve. The nourishment reserve (“Beach Fund”) is still up by just over +6% for the young calendar year and is also in positive territory (+1.7%) for the 2018-19 fiscal year with two months of reporting remaining. The reduction experienced in April could be for a host of reasons related to reporting inconsistencies (i.e., weekends in one month being reported in a different month), or lingering impacts from hurricane *Florence* we have discussed many times before (mostly related to inventory reduction), or an actual small downturn in visitation itself for the month.

And lastly as illustrated in Table 4 below, our estimated value for the “Beach Fund” is approximately \$9.8 million by taking our opening balance, our expenditures to date, and revenue through April 2019 into account. A copy of the expenditure report for the month of April is also attached to this cover sheet for the Commission’s review, and obviously we have incorporated the financial transactions (invoicing and payments) associated with Phase I of the Post-*Florence* Renourishment Project. To date (June 30th), Great Lakes Dredge & Dock has submitted three invoices a piece to both Emerald Isle and Indian Beach constituting the majority of the project. The remaining monthly invoices will represent tasks associated with dune planting and the retainage reimbursement, and should total close to \$400,000. Thus the impact to nourishment reserve is ~\$300,000 (i.e., 75% of

\$400,000). There are also engineering costs that also need to be taken into account but again, the overwhelming bulk of the project has been invoiced and paid.

Cumulative Analysis and Monthly Comparison
Room Occupancy Tax (ROT) and the "Beach Fund"
FY 2018-19 v. 2017-18
Carteret County

Month	Gross Receipts TDA & Beach		Beach Fund (Monthly)*		Beach Fund (YTD)*		Occ. Tax Total Monthly Difference	Occ. Tax Total YTD Difference
	FY 17-18	FY 18-19	FY 17-18	FY 18-19	FY 17-18	FY 18-19		
Jul	\$2,022,661	\$1,951,256	\$1,011,331	\$975,628	\$1,011,331	\$975,628	-3.53%	-3.53%
Aug	\$1,345,057	\$1,339,735	\$672,528	\$669,867	\$1,683,859	\$1,645,495	-0.40%	-2.28%
Sep	\$651,908	\$720,343	\$325,954	\$360,172	\$2,009,813	\$2,005,667	10.50%	-0.21%
Oct	\$424,176	\$304,571	\$212,088	\$152,286	\$2,221,901	\$2,157,953	-28.20%	-2.88%
Nov	\$260,361	\$380,894	\$130,181	\$190,447	\$2,352,081	\$2,348,400	46.29%	-0.16%
Dec	\$97,436	\$150,872	\$48,718	\$75,436	\$2,400,800	\$2,423,836	54.84%	0.96%
Jan	\$108,736	\$166,761	\$54,368	\$83,380	\$2,455,168	\$2,507,216	53.36%	2.12%
Feb	\$147,363	\$153,978	\$73,682	\$76,989	\$2,528,849	\$2,584,205	4.49%	2.19%
Mar	\$194,638	\$241,029	\$97,319	\$120,514	\$2,626,168	\$2,704,719	23.83%	2.99%
Apr	\$426,106	\$367,884	\$213,053	\$183,942	\$2,839,221	\$2,888,661	-13.66%	1.74%
May	\$314,986		\$157,493		\$2,996,714			
Jun	\$1,582,294		\$791,147		\$3,787,861			
Totals=	\$7,575,723	\$5,777,322	\$3,787,861	\$2,888,661	\$3,787,861	\$2,888,661	Avg. = 14.75%	1.74%

Note: 6% overall collection rate (* = 50 TDA/50 Beach Fund split).

TABLE 1 – Monthly and cumulative summary of the Carteret County room occupancy tax collection reflecting the current and previous fiscal year in terms of the gross revenue and the portion of revenue legislatively mandated for beach nourishment (i.e., the "Beach Fund").

Room Occupancy Tax (ROT) and the "Beach Fund"
Calendar Year 2019 - 2012
Carteret County (6% collection rate)

Month	2019	2018	2017	2016	2015	2014	2013		2012	
	6%	6%	6%	6%	6%	6%	6%	5%	6%	5%
Jan.	\$166,761	\$108,736	\$90,369	\$72,738	\$65,107	\$54,359	\$48,955	\$40,796	\$50,517	\$42,097
Feb.	\$153,978	\$147,363	\$102,895	\$80,744	\$66,976	\$60,118	\$52,897	\$44,081	\$62,634	\$52,195
Mar.	\$241,029	\$194,638	\$198,697	\$197,020	\$142,289	\$121,346	\$128,088	\$106,740	\$114,521	\$95,434
Apr.	\$367,884	\$426,106	\$378,586	\$267,064	\$238,039	\$218,570	\$187,767	\$156,472	\$226,302	\$188,585
May		\$314,986	\$574,112	\$495,403	\$519,427	\$530,041	\$373,921	\$311,601	\$368,024	\$306,687
June		\$1,582,294	\$1,211,103	\$1,254,762	\$1,194,984	\$1,119,788	\$1,126,150	\$938,458	\$1,041,735	\$868,113
July		\$1,951,256	\$2,022,661	\$1,945,706	\$1,799,562	\$1,714,309	\$1,440,439	\$1,200,365	\$1,436,356	\$1,196,963
Aug.		\$1,339,735	\$1,345,057	\$1,310,899	\$1,310,391	\$1,327,500	\$1,270,274	\$1,058,562	\$1,140,977	\$950,814
Sept.		\$720,343	\$651,908	\$632,513	\$598,281	\$514,648	\$471,580	\$392,983	\$437,265	\$364,387
Oct.		\$304,571	\$424,176	\$354,178	\$357,967	\$348,348	\$296,997	\$247,497	\$219,665	\$183,054
Nov.		\$380,894	\$260,361	\$192,591	\$148,172	\$125,217	\$145,665	\$121,388	\$120,973	\$100,811
Dec.		\$150,872	\$97,436	\$98,029	\$89,584	\$92,698	\$72,597	\$60,498	\$51,216	\$42,680
Totals =	\$929,651	\$7,621,795	\$7,357,361	\$6,901,648	\$6,530,780	\$6,226,944	\$5,615,329	\$4,679,441	\$5,270,185	\$4,391,821
YTD =	6.02%									
(+/-) previous year		3.59%	6.60%	5.68%	4.88%	10.89%	6.55%		-1.39%	

TABLE 2 – Monthly and cumulative summary of the Carteret County Room Occupancy Tax collection reflecting the current and previous seven calendar years in terms of the gross revenue only.

HOTELS/MOTELS

4

Month	2017-18		2018-19		FY 2018-19 v. 2017-18	
	Monthly	Year-to-Date	Monthly	Year-to-Date	Monthly	Year-to-Date
Jul	\$370,322	\$370,322	\$365,114	\$365,114	-\$5,208	-1.41%
Aug	\$274,246	\$644,568	\$217,643	\$582,757	-\$56,603	-9.59%
Sep	\$177,382	\$821,950	\$236,742	\$819,499	\$59,360	-0.30%
Oct	\$194,831	\$1,016,781	\$147,923	\$967,422	-\$46,909	-4.85%
Nov	\$94,295	\$1,111,076	\$129,778	\$1,097,200	\$35,483	-1.25%
Dec	\$57,487	\$1,168,563	\$92,243	\$1,189,443	\$34,757	1.79%
Jan	\$64,220	\$1,232,782	\$86,242	\$1,275,685	\$22,022	3.48%
Feb	\$75,355	\$1,308,137	\$83,762	\$1,359,447	\$8,407	3.92%
Mar	\$117,220	\$1,425,358	\$121,653	\$1,481,100	\$4,433	3.91%
Apr	\$171,013	\$1,596,371	\$156,419	\$1,637,519	-\$14,594	2.58%
May	\$164,845	\$1,761,215				
Jun	\$410,906	\$2,172,122				
Totals=	\$2,172,122	\$2,172,122	\$1,637,519	\$1,637,519	\$41,148	2.58%

CONDOS/COTTAGES

Month	2017-18		2018-19		FY 2018-19 v. 2017-18	
	Monthly	Year-to-Date	Monthly	Year-to-Date	Monthly	Year-to-Date
Jul	\$1,536,111	\$1,536,111	\$1,462,838	\$1,462,838	-\$73,273	-4.77%
Aug	\$986,966	\$2,523,077	\$1,046,472	\$2,509,310	\$59,506	-0.55%
Sep	\$432,336	\$2,955,413	\$446,022	\$2,955,332	\$13,686	0.00%
Oct	\$198,533	\$3,153,946	\$118,172	\$3,073,504	-\$80,361	-2.55%
Nov	\$91,458	\$3,245,403	\$225,997	\$3,299,501	\$134,539	1.67%
Dec	\$28,719	\$3,274,123	\$38,797	\$3,338,298	\$10,077	1.96%
Jan	\$15,587	\$3,289,710	\$42,818	\$3,381,116	\$27,231	2.78%
Feb	\$41,210	\$3,330,920	\$25,854	\$3,406,970	-\$15,356	2.28%
Mar	\$34,772	\$3,365,692	\$66,460	\$3,473,431	\$31,688	3.20%
Apr	\$207,589	\$3,573,281	\$154,609	\$3,628,039	-\$52,980	1.53%
May	\$115,838	\$3,689,120				
Jun	\$1,039,338	\$4,728,457				
Totals=	\$4,728,457	\$4,728,457	\$3,628,039	\$3,628,039	\$54,758	1.53%

OTHER, LESS THAN 5, & ON-LINE TOTAL

Month	2017-18		2018-19		FY 2018-19 v. 2017-18	
	Monthly	Year-to-Date	Monthly	Year-to-Date	Monthly	Year-to-Date
Jul	\$116,227	\$116,227	\$123,303	\$123,303	\$7,076	6.09%
Aug	\$83,846	\$200,073	\$75,620	\$198,923	-\$8,225	-0.57%
Sep	\$42,191	\$242,263	\$37,579	\$236,503	-\$4,611	-2.38%
Oct	\$30,811	\$273,075	\$38,477	\$274,980	\$7,665	0.70%
Nov	\$74,609	\$347,683	\$25,120	\$300,099	-\$49,489	-13.69%
Dec	\$11,230	\$358,914	\$19,832	\$319,931	\$8,602	-10.86%
Jan	\$28,929	\$387,843	\$37,701	\$357,632	\$8,772	-7.79%
Feb	\$30,799	\$418,641	\$44,361	\$401,993	\$13,562	-3.98%
Mar	\$42,645	\$461,286	\$52,915	\$454,908	\$10,270	-1.38%
Apr	\$47,504	\$508,790	\$56,856	\$511,764	\$9,352	0.58%
May	\$34,303	\$543,093				
Jun	\$132,051	\$675,144				
Totals=	\$675,144	\$675,144	\$511,764	\$511,764	\$2,974	0.58%

TABLE 3 – Monthly and cumulative summary of the Carteret County occupancy tax collection segregated by each of the three collection sectors (hotel/motel, condo/cottage, and “other”) for the current and previous fiscal years in terms of the gross revenue only. Note: On-line collection was first implemented in January 2016.

**Estimated Year-to-Date "Beach Fund" Reserve Balance
FY 2018-19**

Opening Fund Balance (7/1/18)	\$18,631,010
Revenues	
Occupancy Tax (to date)	\$2,888,661
Coastal Storm Damage Mitigation Fund (S.L. 2018-5)	\$5,000,000
Interest on Reserve	NA
<i>Total Revenues</i>	<u>\$7,888,661</u>
Expenditures	
Shore Protection Office (4/30/19)	\$388,218
Post Florence Renourishment Project - Phase 1	\$16,336,993
County Occupancy Tax Administration Fee*	\$33,887
<i>Total Expenditures</i>	<u>\$16,759,097</u>
 (Deficit)/Surplus for Year	 <u>(\$8,870,436)</u>
 Fund Balance	 <u><u>\$9,760,573</u></u>

*Up to 3% of first \$500,000 of gross proceeds and 1% of remaining gross receipts collected each year.

TABLE 4 – Estimated value of the “Beach Fund” utilizing the opening fund balance at the beginning of the current fiscal year, coupled with the revenues and expenditures to date.

OCCUPANCY TAX COLLECTION**Reporting period: Apr-19**

Type	Tax Received	Penalties & Interest	Total Reporting Tax	Total No Tax
CONDOS/COTTAGE	\$ 154,586.68	\$ 21.89	59	68
HOTEL / MOTEL	\$ 156,418.89	\$ -	30	7
OTHER	\$ 17,093.97	\$ 30.46	70	122
ONLINE	\$ 39,731.74	\$ -	5	1
TOAL ALL TYPES	\$ 367,831.28	\$ 52.35	164	198
Total Collected	\$ 367,883.63			

April-19

Reporting Location	Condos/Cottage Tax	Hotel/Motel Tax	Other Tax	On Line	Total
Atlantic Beach	\$28,761.23	\$25,979.97	\$1,888.08	\$0.00	\$56,629.28
Beaufort	\$2,542.17	\$19,416.41	\$2,718.95	\$0.00	\$24,677.53
Cape Carteret	\$284.05	\$13,849.42	\$0.00	\$0.00	\$14,133.47
Emerald Isle	\$119,379.17	\$19,403.50	\$7,725.17	\$0.00	\$146,507.84
PKS / Salter Path/ Indian Beach	\$2,693.93	\$39,278.13	\$546.86	\$0.00	\$42,518.92
Morehead City	\$147.42	\$32,108.48	\$0.00	\$0.00	\$32,255.90
On Line	\$0.00	\$0.00	\$0.00	\$39,731.74	\$39,731.74
Unincorporated	\$800.60	\$6,382.98	\$4,245.37	\$0.00	\$11,428.95
Totals	\$154,608.57	\$156,418.89	\$17,124.43	\$39,731.74	\$367,883.63

ACS FINANCIAL SYSTEM
7/01/2019 14:04:15
LEVEL OF DETAIL 1.0 THRU 4.0

Expenditure Guideline
FOR THE PERIOD(S) JUL 01, 2018 THROUGH APR 30, 2019

CARTERET COUNTY, NC
GL520R-V08.13 PAGE 1

*** USER MAY NOT HAVE ACCESS ***
*** TO ALL ACCOUNTS IN RANGE ***

	ANNUAL AMENDED BUDGET	ENCUMBERED	ACT MTD POSTED AND IN PROCESS	ACT YTD POSTED AND IN PROCESS	REMAINING BALANCE	PCT
110 GENERAL FUND						
40 ECONOMIC & PHYSICAL DEVELOP						
4901 BEACH NOURISHMENT						
12100 SALARIES	103,595.00	0.00	8,208.00	83,964.11	19,630.89	81 -----
12600 PART TIME WAGES	0.00	0.00	0.00	0.00	0.00	0
18100 FICA EXPENSE	7,925.00	0.00	617.70	6,322.83	1,602.17	79 -----
18200 RETIREMENT CONTRIBUTION	8,135.00	0.00	643.50	6,582.72	1,552.28	80 -----
18300 HOSPITALIZATION INSURANCE	9,020.00	0.00	659.69	6,563.62	2,456.38	72 -----
18500 UNEMPLOYMENT	0.00	0.00	0.00	0.00	0.00	0
18600 WORKMENS COMP	2,000.00	0.00	0.00	1,911.00	89.00	95 -----
18700 401 K PLAN	5,180.00	0.00	410.40	4,198.19	981.81	81 -----
20000 SUPPLIES	2,000.00	0.00	0.00	65.50	1,934.50	3
28000 SMALL EQUIPMENT	2,000.00	0.00	0.00	0.00	2,000.00	0
31400 TRAVEL IN-COUNTY	2,400.00	0.00	274.92	679.83	1,720.17	28 --
32100 TELEPHONE & DATA SERVICES	3,120.00	0.00	353.30	2,619.09	500.91	83 -----
32500 POSTAGE	1,000.00	0.00	0.00	386.70	613.30	38 ---
39500 TRAVEL	5,880.00	0.00	0.00	1,174.64	4,705.36	19 -
44000 CONTRACTED SERVICES	485,470.00	0.00	18,511.24	268,251.44	217,218.56	55 -----
44100 FEASIBILITY AGREEMENT	400,000.00	0.00	0.00	0.00	400,000.00	0
44200 SECTION 933 REIMBURSEMENT	0.00	0.00	0.00	0.00	0.00	0
49100 DUES AND SUBSCRIPTIONS	5,000.00	0.00	0.00	5,498.50	498.50	109 -----
69900 GRANT CONTRIBUTIONS EDC	0.00	0.00	0.00	0.00	0.00	0
TOTAL: BEACH NOURISHMENT	1,042,725.00	0.00	29,678.75	388,218.17	654,506.83	37 ---
TOTAL: ECONOMIC & PHYSICAL DEVELOP	1,042,725.00	0.00	29,678.75	388,218.17	654,506.83	37 ---
TOTAL: GENERAL FUND	1,042,725.00	0.00	29,678.75	388,218.17	654,506.83	37 ---



CARTERET COUNTY BEACH COMMISSION

Agenda Topic Cover Sheet

2019-20 Beach Nourishment Planning Discussion II.

Meeting Date: 7/8/19

Topic No. 4

Suggested Action: Discussion.

At our last Beach Commission meeting (May 20th) we summarized that after [Phase I](#) of the Post-Florence Beach Renourishment Project; we would have roughly \$21 million in hand irrespective of FEMA reimbursement. This sum included; **(a)** \$12 million via the nourishment reserve through the end of FY 2019-20 + **(b)** \$4 million of Town funding in accordance with our “75% nourishment reserve - 25% Town” cost-sharing schedule + **(c)** an anticipated \$5 million of State funding provided in S.L. 2018-134. We also concluded that from a bid procurement standpoint, we would implement a “base + option” approach – the base would represent the volume of sand that can be delivered with the financial instruments we have at our disposal currently (Reserve level + Town funding + State funding) and the option would be for the balance of what we are planning and would only be awarded once we receive positive notification from FEMA.

The overall Phase II project includes **BOTH** the FEMA engineered beach areas of Pine Knoll Shores, most of Emerald Isle **AND** non-FEMA engineered beach areas comprising west Atlantic Beach, the State-owned portion of Salter Path, and the very western reaches of Emerald Isle (known as Bogue Inlet – Ocean). Our base bid (again representing the funding we have in hand) would address the FEMA engineered beach areas of Pine Knoll Shores and some of Emerald Isle. Our thought process was if FEMA provided reimbursement/Section 428 fixed-cost funding, then we would “pay back” all Town and nourishment reserve monies that were spent in Phase I and the base bid in Phase II. This in turn would essentially make the nourishment reserve whole again (~\$24 million = \$12 million for Phase I + \$12 million for the Phase II base bid), and could subsequently be used to fund 75% of the non-FEMA engineered beach zones as part of the Phase II option bid.

The N.C. General Assembly passed S.L. 2018-134 in the wake of hurricane *Florence* providing a total of \$18.5 million to local governments for beach nourishment. We submitted our grant package and as mentioned above, we were hopeful to secure \$3 to \$5 million. We learned shortly after our May 20th Beach Commission that only two

communities applied for funding and Carteret County/Bogue Banks was awarded \$15,342,623. Importantly, all State funding has to be cost-shared 1:1 by local government(s) – this includes the \$5 million secured for Phase I and now the \$15 million secured for Phase II. Moreover, the funds awarded under the auspices of S.L. 2018-134 (\$15 million) *"...are to be used for a project that "mitigates or remediates coastal storm damage to the ocean beaches and dune systems of the State." Funds appropriated by Session Law 2018-138 may be used to provide no more than fifty percent (50%) of the nonfederal share for a federally funded eligible project, and no more than fifty percent (50%) of the total cost of an eligible project that is not federally funded. State funds may not be used to reimburse a grantee for a project that has been or will be fully reimbursed with federal funds. If a project receives State funds and subsequently receives federal funds as a full reimbursement for the project, the Grantee must return any State funds that have become federally reimbursable to the Office of State Budget and Management within 90 calendar days of the costs becoming federally reimbursable."* Also grant contracts for funds appropriated under S.L. 2018-138 have a term of two years, and grantees may request a one-year extension.

This has changed our thinking with respect to the Phase II Project base bid and options scopes. Because State funding associated with S.L. 2018-134 clearly cannot be used for sand that is FEMA reimbursable, it would be ill-advised to proceed with the Phase II base bid we initially came to terms with back on May 20th – we would be replacing the sand lost during *Florence* along the FEMA engineered beach areas of Pine Knoll Shores and Emerald Isle using S.L. 2018-134 State funding, and if FEMA subsequently provides reimbursement/428 fixed cost, then we would immediately be obligated to "pay back" ourselves for the State funding component that was used for FEMA sand, and then "re-use" the State money appropriately on the non-FEMA engineered beach reaches in the option year. This would be very cumbersome accounting-wise and we would like to avoid returning money to the State because of any unforced errors. However, State funding can be applied immediately in the non-FEMA engineered beach areas of west Atlantic Beach, State area of Salter Path, the western tip of Emerald Isle (Bogue Inlet – Ocean), and partially in Pine Knoll Shores with minimal risk of having to return State funds. The "partial" sand volume referenced for Pine Knoll Shores represents the sand volume *in excess* of what was lost during *Florence*. On average, Pine Knoll Shores lost ~20 cubic yards per linear foot (cy/ft), which from a construction standpoint is too thin of a beachfill volume in itself – we were planning on ~30 cy/ft or more. The "delta" between the 20 cy/ft lost in *Florence* (FEMA reimbursable) minus the construction standard of 30 cy/ft or more is legitimately eligible for the application of State funding (inclusive of the local 1:1 match). Notably the other FEMA engineered beach areas outside of Pine Knoll Shores including Indian Beach, Salter Path, and Emerald Isle all lost ~35 cy/ft at a minimum to *Florence*.

With all of this in mind we are basically changing our "base + option" strategy for Phase II from the base focusing on the FEMA engineered beach zones and the option focusing on the non-FEMA engineered zones to the almost the exact opposite – now, the base will focus on the non-FEMA engineered zones for the most part so we can fully leverage the State funding that we have in hand, and the options will entail the FEMA engineered beach areas. This is the general rule of thumb and we (Moffatt & Nichol and the Shore Protection Office) will provide more precise details during the presentation the Beach Commission will receive at our July 8th meeting.

Macroscopically and in the best case scenario, there will be ~\$105 million available for beach nourishment collectively for Phase I and II = ~\$65 million FEMA fixed cost + \$20 million total State + \$20 compulsory local match. This includes dune planting and engineering costs as well. Phase I totaled ~\$21 million, leaving ~\$84 million as a balance if

you will for Phase II (base + option). However cash flow issues, construction logistics, and the merits of saving some of the FEMA fixed cost money for future nourishment projects may (likely) result in an overall project less than \$105 million. We will review four scenarios to this effect as well at our July 8th meeting and this will help us constrain what the base and option bid scopes will be for Phase II as we hope to release the bid solicitation by early August. We anticipate the base bid and option (if exercised) would be constructed over the course of two winter seasons (2019-20 and 2020-21).

There are basically two different base bids within the four separate scenarios, and each of the options are different. The two different base bids are still predicated with the cash we have in hand coupled with State funding currently available and therefore as described above, equates to nourishing west Atlantic Beach, Pine Knoll Shores, the State area of Salter Path, and a portion of west Emerald Isle that has notable dune erosion. Generally the differences in the two base bids are related to altering the fill densities (cy/ft) in the reaches mentioned immediately above and extending the geographic footprint of the fill in west Emerald Isle to include the Bogue Inlet Ocean area (or not). Because we are nourishing Pine Knoll Shores, part of this reach is FEMA reimbursable so in theory we would not be utilizing all State funds in the base bid year no matter which option is selected and we would just execute the remaining State funding the following option year if we receive FEMA fixed cost funding. Obviously if we don't ever receive FEMA fixed cost funding, then we just construct the base bid at a minimum. ***In this manner, (1) all the municipalities would receive some sand between Phase I and the Phase II base year, (2) we would be addressing the most critically eroded areas of Bogue Banks, and (3) we would have utilized all State funding available to us.***

The four options on the other hand basically range from "low cost to high cost" – the bottom level just nourishes Central Emerald Isle and the remaining portion of Emerald Isle West, while the top end maximizes the fill densities and goes back into the Phase I reaches of Indian Beach and East Emerald Isle. As summarized above, Phase I totaled ~\$21 million, leaving ~\$84 million as balance if you will for Phase II (base + option) assuming FEMA fixed cost funds are awarded. Accordingly, Scenario 1 is the low option totaling \$58 million for the Phase II effort with Scenario 2, 3, and 4 estimated to cost \$73 million, \$79 million, and \$84 million, respectively (see summary table below). We will provide graphics and other aids during our Beach Commission meeting on July 8th to help visualize all the scenarios (they would be too voluminous to include here), and of course the bid price will ultimately dictate the actual cost.

Scenario	Base (\$ and description)	Option (\$ and description)	Total
1	\$31.6 M, minimum fill density in non-FEMA Engineered Areas, PKS, & larger EI West/Bogue Inlet Ocean footprint.	\$26.5 M, EI Central & Remainder of EI West	\$58.1 M
2	\$31.6 M, minimum fill density in non-FEMA Engineered Areas, PKS, & larger EI West/Bogue Inlet Ocean footprint.	\$41.6 M, EI Central, remainder of EI West, back to IB & East EI with minimum fill density.	\$73.2 M
3	\$31.1 M, thicker fill density in non-FEMA Engineered Areas, PKS but smaller EI West/Bogue Inlet Ocean footprint.	\$47.9 M, EI Central, remainder of EI West/Bogue Inlet Ocean, back to IB & East EI.	\$79.0 M
4	\$31.1 M, thicker fill density in non-FEMA Engineered Areas, PKS but smaller EI West/Bogue Inlet Ocean footprint.	\$52.5 M, EI Central, remainder of EI West/Bogue Inlet Ocean, back to IB & East EI with larger fill densities than the Scenario 3 option.	\$83.6 M

Obviously there are a lot of moving parts associated with our Phase II Project and we need to constrain the base bid and option scopes in order to prepare the plans and specifications, and ultimately release the bid solicitation as far in advance of the winter 2019-20 dredging window as possible. Trying to significantly alter the scope of the Phase II Project subsequent to executing a contract is rife with potential problems, and therefore we will need to carefully evaluate our scenarios before making a decision. ***The Shore Protection Office would like to recommend Scenario 2 or 3 (they are pretty close to one another cost wise).*** Either of the base bids for Phase II results in every municipality receiving sand between the Phase I Project and the Phase II base and maximizes the local and State funding we have in hand while addressing all of the more critically eroded areas on Bogue Banks. Second, it would save what I would consider as an adequate amount of FEMA fixed cost funding; enabling the municipalities to hold funding for the next nourishment effort several years from now.

And lastly as previously mentioned in an email to the Beach Commission; if FEMA funding is awarded in full, then it is worth considering the occupancy tax nourishment reserve ultimately pay for all non-State and non-federal funding of Phase I and II (all municipalities). Indian Beach and Emerald Isle can reimburse themselves for Phase I once the FEMA fixed cost sum is received, and Emerald Isle and Pine Knoll Shores can pay for Phase II with the FEMA fixed cost sums without touching their own sand tax reserves. Our occupancy tax reserve can't exceed \$30 million per State Statute, and we have to match the State's combined +\$20 million of funding anyway. Thus all the municipalities would receive sand at no cost to them, and the occupancy tax will pay \$20 million, perhaps a touch north of that. Pine Knoll Shores, Indian Beach, and Emerald Isle would get to keep any FEMA fixed cost funds that we don't spend (obviously that would have to be saved for the next nourishment project). I look forward to discussing this funding concept as well with the Beach Commission.